

APPROVALS

In this Application, OPG seeks the following specific approvals:

Revenue Requirement

1. The approval of the following revenue requirements for the nuclear facilities, net of the nuclear stretch factor, as set out in Ex. I1-1-1 and amended by Ex. N1-1-1 and Ex. N2-1-1:

Period	Revenue Requirement
January 1, 2017 through December 31, 2017	\$3,161.4M
January 1, 2018 through December 31, 2018	\$3,185.7M
January 1, 2019 through December 31, 2019	\$3,273.2M
January 1, 2020 through December 31, 2020	\$3,783.5M
January 1, 2021 through December 31, 2021	\$3,397.8M

Rate Base

2. The approval of the following rate bases for the nuclear facilities, as summarized in Ex. B1-1-1 and amended by Ex. N1-1-1 and Ex. N2-1-1:

Year	Rate Base
2017	\$3,627.9M
2018	\$3,606.9M
2019	\$3,476.2M
2020	\$7,453.8M
2021	\$7,887.0M

Production Forecasts

3. Approval of the following production forecasts for the nuclear facilities, as presented in Ex. E2-1-1.

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Year	Production Forecast (TWh)
2017	38.1
2018	38.5
2019	39.0
2020	37.4
2021	35.4

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4 **Cost of Capital**

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- 6 4. Approval of a deemed capital structure of 51 per cent debt and 49 per cent equity and
7 a combined rate of return on rate base to be determined using data available for the
8 three months prior to the effective date of the payment amounts order, in accordance
9 with the OEB's Cost of Capital Report, and currently set by the OEB at 8.78 per cent
10 for 2017 and adjusted annually using the prevailing rate of return on equity specified
11 by the OEB, as presented in Ex. C1-1-1 and amended by Ex. N1-1-1.

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13 **Payment Amounts**

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- 15 5. Effective January 1, 2017, \$41.71/MWh for the average hourly net energy production
16 (MWh) from the regulated hydroelectric facilities in any given month (the "hourly
17 volume") for each hour of that month. Where production is over or under the hourly
18 volume, regulated hydroelectric incentive revenue payments will be consistent with
19 the OEB's Payment Amounts Order in EB-2013-0321. The calculation of the payment
20 amount for the regulated hydroelectric facilities is set out in Ex. I1-2-1.

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- 22 6. Approval of the rate-setting formula and related elements for setting payment
23 amounts for the prescribed hydroelectric generating facilities in the period from
24 January 1, 2017 through December 31, 2021, as proposed in Ex. A1-3-2.

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- 26 7. Approval of the following payment amounts for the nuclear facilities:

Effective Date	Payment Amount
January 1, 2017	\$65.81/MWh
January 1, 2018	\$73.05/MWh
January 1, 2019	\$81.09/MWh
January 1, 2020	\$90.01/MWh
January 1, 2021	\$99.91/MWh

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2 **Rate Smoothing and Mid-term Production Review**

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4 8. Approval of the nuclear rate smoothing proposal as set out in Ex. A1-3-3 and
5 amended by Ex. N1-1-1 and Ex. N2-1-1, including the establishment of a rate
6 smoothing deferral account and the portion of the approved nuclear revenue
7 requirement that is to be recorded in that deferral account. Specifically, OPG
8 proposes that annual nuclear base payment amounts reflect a constant 11 per cent
9 per year rate increase during the 2017 to 2021 period resulting in a deferred revenue
10 requirement of \$654M, \$375M, \$109M, \$421M, \$(137)M in 2017, 2018, 2019, 2020
11 and 2021, respectively.

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13 9. Approval of a mid-term production review in the first half of 2019 (i.e., prior to July 1,
14 2019) for:
15 i. an update of the nuclear production forecast and consequential updates to
16 nuclear fuel costs for the final two-and-a-half years of the five-year
17 application period (July 1, 2019 to December 31, 2021); and
18 ii. disposal of applicable audited deferral and variance account balances as
19 well as any remaining unamortized portions of previously approved
20 amounts with recovery period extending beyond December 31, 2018.

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22 **Deferral and Variance Accounts**

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24 10. Approval for recovery of the audited December 31, 2015 balances of the deferral and
25 variance accounts identified in Exhibit H.

1 11. Approval to continue existing deferral and variance accounts, including interest, as
2 proposed in Ex. H1-1-1.

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4 12. Approval of a hydroelectric payment rider to recover the approved balances of the
5 hydroelectric deferral and variance accounts (except the Pension & OPEB Cash
6 Versus Accrual Differential Deferral Account) at a rate of \$1.44/MWh applied to the
7 output from the hydroelectric facilities, beginning January 1, 2017 and terminating
8 December 31, 2018.

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10 13. Approval of a nuclear payment rider to recover the approved balances of the nuclear
11 deferral and variance accounts (except the Pension & OPEB Cash Versus Accrual
12 Differential Deferral Account) at a rate of \$2.85/MWh applied to the output from the
13 nuclear facilities, beginning January 1, 2017 and terminating December 31, 2018.

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15 14. Approval to establish the following deferral and variance accounts as described in Ex.
16 H1-1-1:

- 17 i. Darlington Refurbishment Rate Smoothing Deferral Account;
18 ii. Mid-term Nuclear Production Variance Account;
19 iii. Nuclear ROE Variance Account; and
20 iv. Hydroelectric Capital Structure Variance Account.

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22 **Project Approvals**

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24 15. OPG seeks the following approvals for the Darlington Refurbishment Program:

- 25 i. In-service additions to rate base of: (i) \$350.4M in the 2016 Bridge Year; and
26 (ii) for the 2017-2021 period, \$8.5M in 2017, \$8.9M in 2018, \$4,809.2M in
27 2020, and \$0.4M in 2021 on a forecast basis. These amounts reflect the
28 addition to rate base of \$4,800.2M related to Unit 2 in-service addition in
29 2020 and 2021, as well as \$377.2M related to Unit Refurbishment Early In-
30 Service Projects, Safety Improvement Opportunities, and Facilities &
31 Infrastructure Projects. If actual additions to rate base are different from

1 forecast amounts, the cost impact of the difference will be recorded in the
2 Capacity Refurbishment Variance Account (“CRVA”) and any amounts
3 greater than the forecast amounts added to rate base will be subject to a
4 prudence review in a future proceeding; and

5 ii. OM&A expenditures of \$41.5M in 2017, \$13.8M in 2018, \$3.5M in 2019,
6 \$48.4M in 2020, and \$19.7M in 2021 (Ex. F2-7-1).

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8 **Interim Payment Amounts**

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10 16. An order from the OEB declaring OPG’s current payment amounts for regulated
11 hydroelectric and nuclear facilities interim as of January 1, 2017, if the order or orders
12 approving the payment amounts are not implemented by January 1, 2017.